

Summary Report of Consolidated Business Performance
for the Third Quarter of Fiscal Year 2022
(January 1, 2022 – December 31, 2022)

HYOGO, JAPAN – November 14, 2022 - Toyo Tire Corporation (“the Company”; President & CEO: Takashi Shimizu) announces its consolidated business performance for the third quarter of fiscal year 2022 (January 1, 2022 through December 31, 2022) as follows:

Quantitative information concerning the quarterly financial results

(1) Business Results

●Net Sales:	350,430 million yen (an increase of 67,622 million yen, or 23.9% from the same period in FY2021)
●Operating Income:	31,391 million yen (a decrease of 8,272 million yen, or 20.9% from the same period in FY2021)
●Ordinary Income:	45,288 million yen (an increase of 3,506 million yen, or 8.4% from the same period in FY2021)
●Profit Attributable to Owners of Parent:	44,768 million yen (an increase of 15,901 million yen, or 55.1% from the same period in FY2021)

(2) Results by Business Unit

The Tire Business Unit posted net sales of 320,114 million yen (an increase of 66,145 million yen, or 26.0% from the same period in FY2021) and an operating income of 33,738 million yen (a decrease of 7,422 million yen, or 18.0% from the same period in FY2021).

The Automotive Parts Business Unit posted net sales of 30,249 million yen (an increase of 1,433 million yen, or 5.0% from the same period in FY2021) and an operating loss of 2,346 million yen (a decrease of 849 million yen from the same period in FY2021).

(3) Status of provision of reserves for product warranties and allowance for product repairs pertaining to the Company's seismic isolation rubber issue

In the fiscal year ended December 2015, some products shipped by the Company did not conform to performance evaluation criteria certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. When applying for Ministry certification for seismic isolation rubber for construction, the certification was in some cases based on applications lacking technical grounds.

For the third quarter of FY2022, the Company posted an extraordinary loss of 352 million yen as product compensation response—measure expenses (primarily in payroll for the Seismic Isolation Rubber Task Force, etc.).

Depending on how this is handled in the following quarter and beyond, if future costs arise (mainly business compensation and repairs for damages such as delayed damages, expenses, etc. when repair work expenses are found to additionally exceed the reserve provisions), additional provision of reserves for product warranties may be posted. At the present time, however, it is difficult to make a reasonable estimation of the corresponding amount.

(4) Explanation of financial situation

Total assets at the end of the third quarter of FY2022 of the consolidated accounting period were 626,634 million yen, an increase of 95,404 million yen compared to the end of the previous consolidated accounting period.

Liabilities were 293,051 million yen, an increase of 41,977 million yen compared to the end of the previous consolidated accounting period.

Interest-bearing liabilities were 153,312 million yen, an increase of 24,528 million yen compared to the end of the previous consolidated accounting period.

Net assets as of the end of the third quarter of FY2022 of the consolidated accounting period were 333,583 million yen, an increase of 53,427 million yen compared to the end of the previous consolidated accounting period.

As a result, the capital ratio increased by 0.5 points compared to the end of the previous consolidated accounting period to 53.2 %.

Revisions to the consolidated financial forecasts for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent
Previous forecasts (A) (announced on August 10, 2022)	500,000	50,000	60,000	53,000
Revised forecasts (B)	500,000	40,000	53,000	50,000
Change (B-A)	—	(10,000)	(7,000)	(3,000)
Percentage of change	—	(20.0%)	(11.7%)	(5.7%)

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year September 30, 2022
Assets		
Current Assets		
Cash and deposits	55,615	46,051
Notes and accounts receivable – trade	83,292	122,933
Merchandise and finished goods	57,332	88,790
Work in process	3,882	5,175
Raw materials and supplies	19,733	28,155
Other	17,334	24,355
Allowance for doubtful accounts	(356)	(385)
Total current assets	236,833	315,075
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	65,209	80,523
Machinery, equipment and vehicles, net	101,901	113,222
Other, net	59,495	70,357
Total property, plant and equipment	226,606	264,103
Intangible Assets	6,325	7,782
Investments and other assets		
Investment securities	49,921	27,558
Other	11,646	12,218
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	61,464	39,672
Total fixed assets	294,395	311,558
Total assets	531,229	626,634

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2021	End of current fiscal year September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	34,004	36,707
Commercial papers	27,000	50,000
Short-term loans payable	13,196	47,294
Accounts payable – other	24,053	18,590
Income taxes payable	6,774	14,140
Provision for product compensation	4,460	5,639
Other	25,860	41,507
Total current liabilities	135,350	213,881
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	75,476	43,213
Net defined benefit liability	3,829	3,710
Provision for product compensation	4,705	1,447
Provision for loss on litigation	—	1,294
Other provision	97	97
Other	21,613	19,405
Total non-current liabilities	115,723	79,170
Total liabilities	251,073	293,051
Net assets		
Shareholders' equity		
Common stock	55,935	55,935
Capital surplus	54,330	54,341
Retained earnings	125,119	156,648
Treasury stock	(143)	(131)
Total shareholders' equity	235,242	266,793
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,450	13,013
Deferred gains or losses on hedges	(17)	(191)
Foreign currency translation adjustments	11,428	47,077
Remeasurements of defined benefit plans	6,850	6,628
Total accumulated other comprehensive income	44,712	66,527
Non-controlling interests	201	261
Total net assets	280,155	333,583
Total liabilities and net assets	531,229	626,634

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to September 30, 2021)	FY2022 (From January 1, 2022 to September 30, 2022)
Net sales	282,808	350,430
Cost of sales	168,185	206,783
Gross profit	114,622	143,646
Selling, general and administrative expenses	74,958	112,254
Operating income	39,663	31,391
Non-operating income		
Interest income	221	299
Dividends income	863	857
Foreign exchange gains	3,383	14,898
Equity in earnings of affiliates	145	116
Other	1,083	1,173
Total non-operating income	5,697	17,345
Non-operating expenses		
Interest expenses	1,064	945
Other	2,514	2,503
Total non-operating expenses	3,579	3,448
Ordinary income	41,781	45,288
Extraordinary income		
Gain on sale of non-current assets	—	275
Gain on sales of investment securities	357	18,252
Gain on sales of shares of subsidiaries and associates	—	32
Total extraordinary income	357	18,560
Extraordinary loss		
Loss on retirement of non-current assets	428	237
Loss on sales of investment securities	92	—
Impairment loss	639	369
Loss on product compensation	851	352
Provision for loss on litigation	—	1,294
Loss on COVID-19	381	29
Total extraordinary loss	2,392	2,283
Profit before income taxes	39,746	61,565
Income taxes	10,745	16,789
Profit	29,001	44,776
Profit attributable to non-controlling interests	134	7
Profit attributable to owners of parent	28,866	44,768

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2021 (From January 1, 2021 to September 30, 2021)	FY2022 (From January 1, 2022 to September 30, 2022)
Profit	29,001	44,776
Other comprehensive income		
Valuation difference on available-for-sale securities	7,449	(13,436)
Deferred gains or losses on hedges	(35)	(174)
Foreign currency translation adjustment	9,460	35,509
Remeasurements of defined benefit plans, net of tax	(95)	(222)
Share of other comprehensive income of associates accounted for using equity method	156	191
Total other comprehensive income	16,934	21,868
Comprehensive income	45,935	66,644
(Comprehensive income attributable to)		
Owners of the parent	45,714	66,584
Comprehensive income attributable to non-controlling interests	221	59